



Norman H. Bangerter

Governor

Dee C. Hansen

Executive Director

Dianne R. Nielson, Ph.D.

Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple

3 Triad Center, Suite 350

Salt Lake City, Utah 84180-1203

801-538-5340

July 25, 1991

Mr. Doug Nordlander
Pincock, Allen and Holt, Inc.
Suite 200
274 Union Boulevard
Lakewood, Colorado 80228

Dear Mr. Nordlander:

Re: Final Approval Notices for Bonanza Operations, American Gilsonite, M/047/010, Uintah County, Utah

Per your telephone call today, I have enclosed copies of the tentative approval granted January 18, 1985, final approval granted February 28, 1985, and final approval for an amendment granted July 20, 1989 for American Gilsonite's Bonanza Operations in Uintah County, Utah.

In going over the files, I did not note any violations, or any other problems, with American Gilsonite. If we can be of further assistance, please contact Tony Gallegos.

Sincerely,

A handwritten signature in cursive script that reads "Joelle Burns".

Joelle Burns
Minerals Secretary

jb
Enclosure
M047010.1



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July 20, 1989

Mr. Fred L. Riding
Operations Manager
American Gilsonite Company
Bonanza, Utah 84008

Dear Mr. Riding:

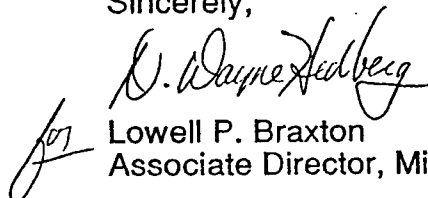
Re: Final Approval, Amendment to Bonanza Operations Mining and Reclamation Plan,
M/047/010, Uintah County, Utah

On April 7, 1989, the Division received an MR-REV form for the Bonanza Operations. Unfortunately, the MR-REV was attached to the annual report and was not discovered until July 13, 1989. The revision includes 10.7 acres of surface disturbance that had been unintentionally omitted from the original 1983 NOI. This disturbance was noted by the Division during a 1988 field visit of the operations.

The Division has determined this increase to be insignificant. Therefore, public notice or Board approval is not required. Furthermore, including this revision, the existing surety of \$500,000 is adequate to reclaim the Bonanza Operations.

Thank you for your patience in this response. Please contact Scott Johnson if you have any questions.

Sincerely,


Lowell P. Braxton
Associate Director, Mining

jb
cc: Mary Lozano, Chevron
Scott Johnson
MN18/76



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

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March 7, 1985

Mr. Leroy Fyock
Chevron Resources Company
Manila Star Route
Vernal, Utah 84078

Dear Mr. Fyock:

Re: Final Permit Approval, American Gilsonite Company, Bonanza
Operations, ACT/047/010, Uintah County, Utah

On February 28, 1985, the Board of Oil, Gas and Mining approved the form and amount of surety for American Gilsonite's, Bonanza Operations. Prior to that the 30-day public comment period had expired without any comments being received. The Division has also received Chevron's February 14, 1985 response to the stipulations to tentative approval, and found it to be adequate. Therefore the Division hereby issues Final Permit Approval for the Bonanza Operations. A copy of the signed surety is enclosed.

The Division appreciates the cooperation Chevron has shown throughout the permitting process and looks forward to working with you in the future.

Sincerely,

A handwritten signature in cursive script that reads "Ronald W. Daniels".

Ronald W. Daniels
Acting Administrator
Mineral Resource Development
and Reclamation Program

SCL:jvb
cc: S. Linner
0028R-17

EXECUTIVE SUMMARY

Mine Name: Bonanza Operations
Operator: American Gilsonite Company
Bonanza, Utah 84008
Telephone: (801) 789-7798 (Chevron Res.)
Contact Person: LeRoy Fyock
Life of Mine: 30 years
Legal Description: See Attached
I. D. No.: ACT/047/010
County: Uintah
New/Existing: Existing
Mineral Ownership: Private
Surface Ownership: Fed, St, Private
Lease No.(s): N/A
Permit Term: 10 years

Mineral(s) to be Mined: Gilsonite
Mining Methods: underground modified room and pillar
Acres to be Disturbed: 102 acres
Present Land Use: Mining, wildlife and livestock grazing
Postmining Land Use: Wildlife and livestock grazing
Variances from Reclamation Standards (Rule M-10) Granted: None

Soils and Geology:

Soil Description: Soils are loamy and generally low in organic matter. Depth of soil material suitable for reclamation averages 5.5 inches.

pH: 7.8 - 8.7

Special Handling Problems: None

Geology Description: Ore is up to 1000 feet below surface; waste rock is typically of Duchesne River Formation or Uintah Formation

Hydrology:

Ground Water Description: Perched ground water has been encountered during mining. This is pumped to the surface and discharged as per NPDES permits.

Surface Water Description: Coyote Wash supports an ephemeral stream, which only flows for one or two months during spring runoff.

Water Monitoring Plan: Water to be discharged is monitored for compliance with NPDES permit.

Ecology:

Vegetation Type(s); Dominant Species: Shadscale, sagebrush, pinyon-juniper; Utah juniper, pinyon pine, black sage, shadscale, Western wheatgrass, squirreltail

Percent Surrounding Vegetative Cover: 4.3% - 25.85% (average 14.99%)

Wildlife Concerns: None

Surface Facilities: Each mine site contains facilities, usually hoist house, head frame, compressor, supply building. Processing and storage facilities are centralized.

Mining and Reclamation Plan Summary: See attached

Surety:

Amount: \$500,000

Form: Surety Bond

Renewable Term: 5 years

LEGAL DESCRIPTION

T 8 S, R 17 E Section 32
T 9 S, R 17 E Sections 5, 4
T 2 S, R 2 E Sections 18, 19, 20
T 8 S, R 24 E Section 32
T 9 S, R 23 E Sections 1, 10, 12, 15, 25
T 9 S, R 24 E Sections 1, 2, 3, 7, 12, 15, 16, 17, 22, 23,
24, 25, 26, 27, 28, 29, 30, 32, 33,
34, 35, 36
T 9 S, R 25 E Sections 7, 8, 15, 16, 17, 21, 22, 23, 29,
30, 31, 32, 33
T 10 S, R 22 E Section 24
T 10 S, R 23 E Sections 28, 30, 32, 34
T 10 S, R 24 E Sections 1, 2, 3
T 10 S, R 25 E Section 6
T 11 S, R 23 E Sections 1, 2, 12
T 11 S, R 24 E Sections 4, 5, 6, 7, 8, 9, 14, 15, 16, 17,
20, 22, 23, 24, 25, 26, 30, 32
T 11 S, R 25 E Sections 20, 21, 30, 32
T 12 S, R 24 E Section 4
T 12 S, R 25 E Sections 4, 5, 9, 10, 11, 12, 13, 14, 15, 24

OPERATION AND RECLAMATION PLAN

During Operations:

1. Amerian Gilsonite operates approximately 30 one-acre mine sites on their properties. Facilities at each mine site include a headframe, hoist house, compressor, and storage areas. Mine sites are fenced. The life of each individual minesite varies between 5 and 10 years depending on the type of ore and market conditions.
2. Gilsonite ore is process and blended in facilities at Bonanza. The ore is trucked to and from the processing plant.
3. Sediment ponds are constructed on sites where water is produced in the mine. American Gilsonite Company has an NPDES discharge permit to discharge this water into natural drainages after proper settling and gravel filtration occurs.
4. Topsoil has been salvaged on recently disturbed mine sites, and is protected. American Gilsonite Company has implemented a series of test plots to determine how best to reclaim areas of previous disturbance, some of which have gilsonite fines mixed into the soil.

Following operations:

1. Reclamation will begin within 6 months of abandonment of individual mine sites, during the fall of the year.
2. Sites will be ripped and recontoured. Slopes will not exceed 2H:1V.
3. Soils will be analyzed at the time of reclamation to determine their suitability for supporting vegetation. Soil amendments will be made based on results of this analysis.
4. Mulch may be used, depending on the results of the test plots. Seeding may be done by broadcast or drilling methods.
5. All ponds will be reclaimed as above and left non-impounding.

The Division of Oil, Gas and Mining plans to approve the permit with the following stipulations:

Stipulation M-10(14)-1-TLP

Neither topsoil redistribution nor preparation of insitu substitute materials shall be done prior to one month before actual seeding. The operator shall refrain from any manipulation of the above materials when said materials are at moisture levels which increase the likelihood of damage due to compaction.

Stipulation M-10(14)-2-TLP

A survey shall be conducted to determine the average thickness and volume of insitu (substitute) material available at each individual minesite. Results shall be recorded on the individual mine site inventories in Appendix 1. Results and updated inventory sheets shall be provided to the Division by October 1, 1985

Stipulation M-10(14)-3-TLP

Should American Gilsonite elect to exploit a borrow area for the purpose of obtaining material for fire control a complete soils and vegetation plan shall be provided for such a revision. This plan shall be submitted for review at least sixty (60) days prior to intended use.

DIVISION OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
IN AND FOR THE STATE OF UTAH

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IN THE MATTER OF TENTATIVE	*	ORDER TO SHOW CAUSE
APPROVAL OF THE MINING AND		
RECLAMATION PLAN SUBMITTED	*	ACT/047/010
BY AMERICAN GILSONITE COMPANY,		
UINTAH COUNTY, UTAH	*	

---oo0oo---

THE STATE OF UTAH TO ALL OPERATORS, TAKERS OF PRODUCTION,
MINERAL AND ROYALTY OWNERS, AND PARTICULARLY ALL PERSONS INTERESTED
IN:

T 8 S, R 17 E	Section 32
T 9 S, R 17 E	Sections 5, 4
T 2 S, R 2 E	Sections 18, 19, 20
T 8 S, R 24 E	Section 32
T 9 S, R 23 E	Sections 1, 10, 12, 15, 25
T 9 S, R 24 E	Sections 1, 2, 3, 7, 12, 15, 16, 17, 22, 23, 24, 25, 26, 27, 28, 29, 30, 32, 33, 34, 35, 36
T 9 S, R 25 E	Sections 7, 8, 15, 16, 17, 21, 22, 23, 29, 30, 31, 32, 33
T 10 S, R 22 E	Section 24
T 10 S, R 23 E	Sections 28, 30, 32, 34
T 10 S, R 24 E	Sections 1, 2, 3
T 10 S, R 25 E	Section 6
T 11 S, R 23 E	Sections 1, 2, 12
T 11 S, R 24 E	Sections 4, 5, 6, 7, 8, 9, 14, 15, 16, 17, 20, 22, 23, 24, 25, 26, 30, 32
T 11 S, R 25 E	Sections 20, 21, 30, 32
T 12 S, R 24 E	Section 4
T 12 S, R 25 E	Sections 4, 5, 9, 10, 11, 12, 13, 14, 15, 24

UINTAH AND DUCHESNE COUNTY, UTAH.

Notice is hereby given that tentative approval was given by the Division of Oil, Gas and Mining, on January 18, 1985 to American Gilsonite Company to commence underground mining and milling operations in the above described sections, Uintah and Duchesne County, Utah.

The name of the mining operation is the Bonanza Mining Operations and the person representing the company is Mr. Leroy Fyock, Bonanza, Utah 84008.

American Gilsonite Company has fulfilled obligations under the Utah Mined Land Reclamation Act of 1975 (Section 40-8, UCA 1953 as amended) with specific reference to Section 40-8-18 and will employ the following mining and reclamation techniques on approximately 102 acres of federal leases and fee-owned land.

During Operations:

1. American Gilsonite operates approximately 30 one-acre mine sites on their properties. Facilities at each mine site include a headframe, hoist house, compressor, and storage areas. Mine sites are fenced. The life of each individual minesite varies between 5 and 10 years depending on the type of ore and market conditions.
2. Gilsonite ore is process and blended in facilities at Bonanza. The ore is trucked to and from the processing plant.
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Stipulation M-10(14)-3-TLP

Should American Gilsonite elect to exploit a borrow area for the purpose of obtaining material for fire control a complete soils and vegetation plan shall be provided for such a revision. This plan shall be submitted for review at least sixty (60) days prior to intended use.

Any person or agency aggrieved by this tentative decision is hereby requested to submit written protest within thirty (30) days of the date of publication to the Division of Oil, Gas and Mining, 355 W. North Temple, 3 Triad Center, Suite 350, Salt Lake City, Utah 84180-1203, setting forth factual reasons for his or her complaint, and thereafter, at a time and place to be established, appear before the Board of Oil, Gas and Mining to show cause, if any, why this mine plan should not be approved.

DATED this 21st day of January 1985.

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

Marjorie L. Larson
Marjorie L. Larson
Administrative Assistant